

Message Text

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PAGE 01 DAMASC 00487 281329Z

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ACTION INR-07

INFO OCT-01 NEA-10 ISO-00 CIAE-00 NSAE-00 (ISO) W

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R 281035Z JAN 76

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 6043

C O N F I D E N T I A L DAMASCUS 0487

DEPT FOR INR/RNA

EO 11652: GDS

TAGS: PINR, EFIN, EF, SY

SUBJECT: REQUEST FOR INFORMATION ON RABAT SUMMIT PAYMENTS

REF: 75 DAMASCUS 5124

1. WITH SPREADING RUMORS IN DIPLOMATIC COMMUNITY HERE OF FROM 25 TO 50 PERCENT CUTS IN ALREADY PUBLISHED SARG 1976 CY BUDGET OF L.S. 16.5 BILLION (\$4.5 BILLION) (COMPARED TO 1975 BUDGET OF L.S. 10.5 BILLION), AND INCREASING SYRIAN PRIVATE SECTOR COMMENTS ON SOME PROJECTS FOR WHICH CONTRACTS ALREADY SIGNED BEING DELAYED OR SHELVED, RESPONSE TO REFTEL ON SUBJECT PAYMENTS TO SYRIA WOULD BE MOST USEFUL.

2. SARG CASH FLOW CRUNCH AT PRESENT GIVEN AS REASON FOR CURRENT REPORTED PROBLEMS AND THIS AID TO RESULT FROM REDUCED EXTERNAL FINANCING, WITH REASONS RANGING FROM: A) SLOWDOWN IN SAUDI PAYMENTS UNTIL SYRIAN ROLE IN LEBANON CLARIFIED, PLUS ADDITIONAL STRINGS ATTACHED TO SAUDI AID TO SYRIA, E.E., MORE DEFINITIVE INFORMATION DESIRED ON SYRIAN PROJECTS AS OPPOSED TO UNTIED CASH SUBSIDIES GIVEN TO SARG; B) SLOWDOWN OR POSSIBLE REDUCTION IN ABU DHABI AID TO SARG; B) SLOWDOWN OR POSSIBLE REDUCTION IN ABU DHABI AID TO SYRIA GIVEN OVER-EXTENSION OF ABU DHABI PROMISES OF AID TO VARIOUS RECIPIENTS; C) LESS THAN EXPECTED CREDITS FROM IRAN OWNING TO IRAN'S ECONOMIC SLOWDOWN; AND D) SARG INABILITY SO FAR TO UTILIZE JUNE 75 \$200 MILLION KUWAIT REAL ESTATE INVESTMENT CONSORTIUM CREDIT

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BECUASE OF LACK OF SUFFICIENT PROJECT ECONOMIC FEASIBILITY

INFORMATION FROM SYRIANS.

3. POSSIBLE SARG OVER-EXPENDITURE OR OVER-COMMITMENTS IN
1975 ALSO NOTED AS POSSIBLE PROBLEM ON EXPENDITURE SIDE AS
OPPOSED TO REVENUE SOURCES NOTED ABOVE. GENERAL WORLDWIDE
INFLATION IN COST OF SYRIA'S IMPORTS, INCLUDING REPORTED
STEEP INCREASE IN COST OF CERTAIN WEAPONS SUPPLIED BY USSR, ALSO
NO DOUBT GIVING SYRIAN BUDGET PLANNERS PROBLEMS.
MURPHY

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NNN

Message Attributes

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Margaret P. Grafeld
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